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Global business dynamics: The influence of ESG, CSR, and sustainability practices

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Editorial

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Abstract

Global business dynamics are increasingly shaped by environmental, social, and governance (ESG) criteria, corporate social responsibility (CSR), and sustainability practices. As stakeholders demand greater accountability and transparency, organizations are integrating these principles into strategic decision-making to drive long-term value creation and effective risk management. CSR activities not only enhance corporate reputation but also increase product appeal to socially conscious consumers. Companies that prioritize sustainability reduce operational risks, generate stakeholder value, and support sustainable development goals. Sustainability practices are now critical drivers of global business growth and customer satisfaction. Organizations that adopt these principles contribute to societal well-being, environmental health, and the advancement of the circular economy. This editorial positions ESG and CSR as essential frameworks, promoting education for sustainability by deepening the understanding of educators, policymakers, and practitioners regarding governance structures that guide sustainable development.

1 Introduction

The environmental, social, and governance (ESG), corporate social responsibility (CSR), and sustainability practices are crucial for businesses to thrive in a socially conscious world (Ortas et al., 2015; Nugroho et al., 2024). Adopting these strategies leads to better financial performance, regulatory compliance, brand loyalty, talent attraction, and societal well-being. The ESG-focused companies attract investments, lower risks, and stronger brand reputations (Laokulrach, 2025). They also help manage regulatory risks, as governments tighten environmental protection laws. Brands that incorporate CSR and sustainability principles build stronger customer loyalty, especially among younger demographics. Sustainability drives innovation, as businesses develop new products, services, or processes that reduce environmental impact, increase social equity, and improve governance practices (Kalkanci et al., 2019).

Businesses that commit to sustainability can reduce operational and regulatory risks, increasing efficiency, enhancing brand reputation, thereby creating value for stakeholders and advancing sustainable development goals (Ghosh et al., 2025a). A sustainable supply chain is a system that manages the production and distribution of goods to minimize negative environmental, social, and economic impacts while maximizing long-term positive outcomes (Hoang, 2018; Karwowski and Raulinajtys-Grzybek, 2021; Mooneeapen et al., 2022; Ghosh et al., 2025b). Key components include environmental sustainability, social responsibility, economic sustainability, transparency, and collaboration. Environmental sustainability involves reducing energy consumption, waste reduction, resource conservation, and carbon footprint.

Social responsibility involves fair labor practices, community impact, and ethical sourcing. Economic sustainability involves long-term profitability, transparency, and collaboration with stakeholders. Strategies for a sustainable supply chain include supplier selection, green logistics, circular economy, technology integration, and certifications like Fair Trade, Rainforest Alliance, or ISO 14001 (Al-Odeh and Smallwood, 2012; Sun et al., 2022).

Green branding aligns a brand's identity, messaging, and operations with environmentally friendly values, positioning the brand as eco-conscious, sustainable, and responsible. Examples include eco-friendly packaging, sustainable products, carbon footprint reduction, and transparency. Green branding can create trust and loyalty among consumers, but it requires ensuring these claims are supported by the brand's operations, avoiding greenwashing.

2 Global adaptations

The European Union (EU) has introduced the Flight Emissions Label (FEL), a voluntary initiative to promote transparency in airline greenhouse gas (GHG) emissions reporting, empowering travelers to make informed choices (European Commission, 2024). Meanwhile, studies revealed that companies prioritizing CSR and user-friendly online experiences gain higher consumer trust and increased purchase frequency (Shen et al., 2024). These developments emphasize the growing importance of transparency, accountability, and sustainability in today's global market.

India recently submitted its fourth Biennial Update Report (BUR-4) to the UNFCCC, detailing its GHG inventory and climate mitigation efforts (MoEFCC, 2024). BUR-4 shows India's progress toward its Paris Agreement targets, including reducing GHG emissions intensity by 45% by 2030 and increasing non-fossil fuel power capacity to 50%. India also reports progress on creating an additional carbon sink and energy efficiency measures through the Perform, Achieve, and Trade (PAT) scheme.

A new study from Chungnam National University revealed that companies prioritizing CSR and offering user-friendly online shopping experiences can boost consumer trust and sales (Chungnam National University, 2024). CSR plays a pivotal role in building consumer trust and increasing purchase frequency, especially in cross-border e-commerce. The findings suggest that CSR could become a standard in global e-commerce, bridging digital divides and expanding market accessibility.

On the other hand, ESG is linked to business profits and reputation with long-term profit (Cerciello et al., 2022). ESG factors are crucial for businesses, as they can lead to long-term profitability, innovation, risk management, and reputation (Ghosh et al., 2025b). Companies that prioritize environmental sustainability can save money, access lower-cost capital, drive innovation, and manage risks related to environmental disasters, regulatory changes, and social issues. A positive ESG reputation can also foster employee satisfaction, lower turnover, and a more motivated workforce. Stakeholder trust is also a key factor, as companies consistently report strong ESG performance. However, poor ESG practices can lead to backlash from customers, investors, and the public, resulting in boycotts, legal challenges, or loss of market share. Therefore, integrating ESG into business strategies can help mitigate risks, unlock opportunities for long-term profitability, and enhance a company's reputation (Tarmuji et al., 2016; Chouaibi and Affes, 2021; Shaikh, 2022; Torres et al., 2023; Dmuchowski et al., 2023; Ahmad et al., 2024).

3 ESG performance and reputational penalties

While ESG has several benefits, ESG underperformance can increasingly function as a reputational penalty, manifesting in the erosion of brand value, stakeholder trust, and competitive market position when organizations fail to meet expectations regarding environmental, social, and governance standards (Murè et al., 2021; Chao et al., 2025; Chasiotis et al., 2025). Such failures can translate into tangible financial and reputational costs, as evidenced by misconduct fines exceeding £300 billion paid by 20 international banks between 2008 and 2018 (Carretta, 2025). Poor ESG performance often triggers investor backlash through divestment, higher cost of capital, and exclusion from ESG indices, alongside erosion of customer trust due to environmental harm, labor violations, or governance failures that provoke boycotts and market share losses. These risks are amplified by heightened regulatory scrutiny, legal penalties, supply chain vulnerabilities linked to suppliers' ESG lapses, and employee disengagement as talent increasingly avoids organizations perceived as unethical or unsustainable. Moreover, ESG requirements are increasingly operating as non-tariff trade barriers affecting market access and competitiveness; for example, the EU's Carbon Border

Adjustment Mechanism (CBAM) imposes additional compliance and reporting costs on carbon-intensive exporters such as Indian firms in steel, cement, aluminum, fertilizers, and electricity, thereby penalizing inadequate ESG adherence and carbon disclosure through reduced competitiveness in international markets.

4 Conclusion

The integration of ESG, CSR, and sustainability practices is now essential for companies to achieve long-term business success in the global market. They have evolved from being a niche focus to mainstream considerations for companies aiming for long-term viability. Companies that integrate these principles not only advance societal well-being but also position themselves for future success by meeting evolving global demands. As these standards continue to evolve, it is essential for businesses to adapt to ensure their operations meet the rising demands for sustainability and ethical governance. ESG and CSR form critical frameworks that guide businesses in governance, education, and sustainable practices. On the other hand, failure to comply with ESG not only damages reputation but also creates tangible financial and strategic barriers, impacting capital flows, trust, and market opportunities. As ESG increasingly shapes investment and trade, companies that ignore sustainability expectations risk long-term economic and competitive setbacks.

5 Ethical statements

Ethical approval was not required for this research.

6 Conflict of interest

The authors declare no conflict of interest related to this study.

7 Data availability statement

Not applicable.

8 Author contributions

A. Ghosh: Conceptualization and writing – original draft. S. Chakraborty and B. Nath: Writing – review & editing. All authors approved the final version of the manuscript.

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